

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D. C. 20268-0001

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COMPLAINT OF TIME WARNER INC. ET AL.  
CONCERNING PERIODICALS RATES

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Docket No. C2004-1

SECOND SET OF INTERROGATORIES OF TIME WARNER INC. ET AL.  
TO UNITED STATES POSTAL SERVICE WITNESS TANG  
(TW ET AL./USPS-RT2-13-20)  
(September 28, 2004)

Pursuant to sections 25, 26 and 27 of the rules of practice, Time Warner Inc., Condé Nast Publications, a Division of Advance Magazine Publishers Inc., Newsweek, Inc., The Reader's Digest Association, Inc., and TV Guide Magazine Group, Inc. (collectively, Time Warner Inc. et al.) hereby direct the following interrogatories to United States Postal Service witness Tang (USPS-RT-2).

If witness Tang is incapable of providing an answer to any question, it is requested that an answer be provided by the Postal Service as an institution or by another person capable of providing an answer.

Respectfully submitted,

s/ \_\_\_\_\_  
John M. Burzio  
Timothy L. Keegan

COUNSEL FOR  
TIME WARNER INC.

Burzio & McLaughlin  
Canal Square, Suite 540  
1054 31st Street, N. W.  
Washington, D. C. 20007-4403  
Telephone: (202) 965-4555  
Fax: (202) 965-4432  
E-mail: burziomclaughlin@covad.net

**SECOND SET OF INTERROGATORIES  
FROM TIME WARNER INC. ET AL. TO WITNESS TANG (USPS-RT-2)**

TW et al./USPS-RT2-13 Starting at page 3, your testimony describes a random sample of 55 publications, including 24 small, 20 medium and 11 large publications. In Tables 2, 3 and 4 you compare your estimates of the per-piece postage each publication would pay under the rates proposed by Time Warner et al. in this docket with the rates they pay under the current rate structure.

- a. Please confirm that, in order to calculate the per-piece postage that a publication would pay under the proposed rates, one needs, besides the information already provided in your tables, all the information listed below (with the exception that some pieces of information may not be needed for letter-shaped publications). If you believe some of the specified pieces of information are not needed, please specify any other information you would use instead:
- (1) whether the pieces are letter- or flat-shaped;
  - (2) whether the pieces are AFSM-100 machinable;
  - (3) whether the publication belongs to a preferential subclass and whether it is a Science of Agriculture publication;
  - (4) the percentages of pieces that correspond to each combination of bundle presort and auto/non-auto that are defined in the piece rate column of the proposed rate table (Complaint, Exhibit B), specifically carrier route basic, carrier route high density, carrier route saturation, 5-digit auto, 3-digit/SCF auto, ADC auto, MADC auto and 5-digit, 3-digit/SCF, ADC and MADC non-auto.
  - (5) the number of bundles, for a given number of pieces, that has each of the container presort/bundle presort combinations identified in the bundle rate column of the proposed rate table;
  - (6) the number of sacks, for a given number of pieces, that has each of the container presort/entry point combinations identified in the sack rate column of the proposed rate table;

- (7) the number of pallets, for a given number of pieces, that has each of the container presort/entry point combinations identified in the pallet rate column of the proposed rate table; and
  - (8) the percentage of publication pounds that is entered in each of the postal zones identified in the pound rate column of the proposed rate table.
- b. If for some of the 55 publications you were not able to obtain all of the information needed, as identified above, for an exact application of the proposed rates, please describe in detail what information you used.
- c. For each of the 55 publications, please provide the data you used corresponding to each item identified in parts a and b above. Please provide the information electronically in an Excel table, where the publications are identified the same way as in your tables 2, 3 and 4, and all information used for a given publication is entered on the same row.
- d. Please provide, for each of the 55 publications and again in Excel format, the following additional information:
- (1) frequency of publication (issues per year);
  - (2) number of mailed outside-county pieces per issue;
  - (3) whether a mail.dat file was available from which information of the type described above could be extracted;
  - (4) whether it is a requester publication;
  - (5) whether the issue you analyzed participated in a comail program;
  - (6) whether the issue you analyzed participated in a co-palletization program;
  - (7) whether the issue you analyzed participated in a pool dropship program;
  - (8) whether the issue you analyzed benefited from any of the experimental co-palletization dropship discounts established in Docket No. MC-2002-3.

- e. If, in response to POIR No. 2, you expand your sample to beyond 55 publications, please provide the information requested in parts c and d above also for the additional publications.

TW et al./USPS-RT2-14

- a. Please confirm that flats machinability cannot be determined from mail.dat files.
- b. Please confirm that flats machinability cannot be determined from Periodicals mailing statements (form 3541).
- c. Please explain how you determined, for each of the 55 publications you sampled, whether or not to assume machinability for the purpose of estimating the impact of the proposed rates.

TW et al./USPS-RT2-15

- a. Please confirm that whether or not a Periodicals sack or pallet is entered at the destinating BMC (DBMC) cannot be determined from mail.dat files. If not confirmed, please explain how you would make such a determination.
- b. Please explain how you determined, for each of the 55 publications you sampled, the number of sacks and pallets, at different presort levels, that are entered at the DBMC. If such determination could not be made, please explain what assumptions were used.

TW et al./USPS-RT2-16 Please explain how you went about determining the postage under proposed rates for each sampled publication for which mail.dat files were available. Please include a specification of the type(s) of computer software used.

TW et al./USPS-RT2-17

- a. Please explain how you went about determining the postage under proposed rates for each sampled publication for which mail.dat files were not available, such as very small publications. Please include an explanation of all assumptions used, whether and to what extent physical observations of actual mailings were used and how each data element, needed to determine impact of the proposed rates but not available on mailing statements, was calculated.
- b. Tables 2 and 3 indicate several publications with editorial content either equal to 100% or close to 100%. If for any of these you did not have access to a mail.dat file, how did you determine the zone distribution?

TW et al./USPS-RT2-18 Please refer to Table 5 in your testimony, which breaks down the numbers of Periodicals titles and Periodicals annual pieces according to your grouping of "large," "medium," and "small." Total piece volume is shown as 9,330,984,097, including 1,415,511,644 in the "small" group. A footnote says that "all publications with only within-county volume are excluded."

- a. Please confirm that according to the FY03 RPW data, there were 9.320 billion Periodicals pieces, including 794 million in-county pieces, in FY03.
- b. Please confirm that according to the FY02 RPW data, there were 9.690 billion Periodicals pieces, including 850 million in-county pieces, in FY02.
- c. To which fiscal year do the volume numbers in your Table 5 refer?
- d. Roughly what portion of the in-county mail volume belongs to Periodicals that mail only within the county?

- e. Roughly what portion of the outside county mail volume belongs to Periodicals that also use in-county rates?
- f. Of the 1,415 million pieces that you indicate belong to “small” publications, what if any portion is actually in-county pieces?
- g. Of the 1,415 million pieces that you indicate belong to “small” publications, how many are in the outside county portion of in-county Periodicals?
- h. Please identify, by their designation in your tables 2, 3 and 4, any publications among the 55 sampled that have an in-county component, and confirm that your analysis was applied only to the outside county component.

TW et al./USPS-RT2-19 During the analysis of 55 randomly sampled publications that you describe in your testimony, was any attempt made to identify realistic ways in which a publication might modify its mailing practices, e.g., by reduced use of “skin sacks,” so as to reduce the postage it would pay under the proposed rates? If any such analysis was done, please explain how it was done and describe all findings.

TW et al./USPS-RT2-20 During the analysis of 55 randomly sampled publications that you describe in your testimony, did you in each case focus the analysis only on a single mailing file, or did you also analyze supplemental mailings? Please explain fully.